

VZCZCXRO0973  
OO RUEHCN RUEHGH RUEHVC  
DE RUEHBJ #1253 0930950  
ZNY CCCCC ZZH  
O 020950Z APR 08  
FM AMEMBASSY BEIJING  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6251  
INFO RUEHOO/CHINA POSTS COLLECTIVE IMMEDIATE  
RUEATRS/DEPT OF TREASURY WASHINGTON DC IMMEDIATE

C O N F I D E N T I A L BEIJING 001253

SIPDIS

SIPDIS

DEPARTMENT FOR EAP/CM, ISN/CPI, T, NEA, EUR

E.O. 12958: DECL: 04/02/2018

TAGS: [PGOV](#) [PREL](#) [ECON](#) [EFIN](#) [PARM](#) [KNNP](#) [MNUC](#) [CH](#) [BA](#) [IR](#)

SUBJECT: CHINA'S RESPONSE TO DESIGNATION OF FUTURE BANK,  
BAHRAIN UNDER E.O. 13382

REF: STATE 27642

Classified By: Minister Counselor for Financial Affairs, David Loevinger for reasons 1.4 (b/d).

11. (C) Minister Counselor for Financial Affairs delivered points and non-paper in reftel March 27 to Tang Xu, Director General of the People's Bank of China (PBOC) Anti-Money Laundering Bureau. Tang responded that over the past two years, the PBOC has increased its attention to interactions between Chinese banks and Iran-related entities. He noted that in October 2007, the PBOC issued an advisory to financial institutions to exercise special due diligence in their transactions with Iranian firms and financial institutions. Tang said the PBOC requires that Chinese financial institutions undertake careful checks on their transactions with Iranian entities, but he pointed out that it is difficult to identify problematic transactions because the structure of businesses and transactions are complex. He explained that when the PBOC receives lists of entities designated by the U.S., it reiterates to Chinese banks the importance of complying with UN and Financial Action Task Force (FATF) resolutions. Specific details on how the PBOC treats entities that are listed by the U.S., but not the UN, are best discussed between Treasury Secretary Paulson and PBOC Governor Zhou, he added. Tang noted that the PBOC would welcome technical assistance from the U.S. to aid PBOC efforts to identify illegal transactions conducted under the guise of international trade.  
RANDT